

Crusader Resources

CAS AU / CAS.AX

Market Cap
US\$28.42m
 A\$32.3m

Avg Daily Turnover
US\$0.05m
 A\$0.05m

Free Float
60.0%
 126.6 m shares

Current **A\$0.26**
 Target **A\$0.41**
 Prev. Target **A\$**
 Up/Downside **58%**

COMPANY NOTE

STOCK RATING

ADD

HOLD

REDUCE

Notes from the Field

James WILSON

T (61) 8 6160 8707
 E james.wilson@morgans.com.au

Chris BROWN

T (61) 7 3334 4885
 E chris.brown@morgans.com.au

Company Visit Expert Opinion
 Channel Check Customer Views

For a fistful of dollars

CAS is selling around 300ktpa of iron ore from its Posse project in the Belo Horizonte region of Brazil, one of the world's most prolific iron ore regions. The mine operates under a trial mining licence and work is well advanced to obtain a full mining licence which will see the production rate potentially increase three fold. CAS also has the Borborema gold project nearby which has an existing 2.4Moz Au resource and could be a potential second operation for the company.

CAS has applied for a full mining licence to enable an upgrade in throughput at Posse to over 1Mtpa. At this stage CAS has cleared all the requirements at state level and their application has progressed through the mines department to ministerial signoff. Based on recent approvals for a nearby project owned by Centaurus Metals, we expect that approvals will be gained by early 2014.

Production upside

The processing plant has a throughput of roughly 200kt per quarter. Once CAS receives the full mining licence approval it will move to around 240kt per quarter without any changes to the existing mine plan or infrastructure.

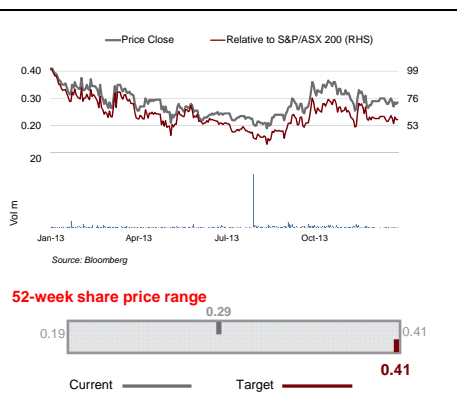
Expansion Plans

With current dry screening and crushing, over 60% of Posse product is being stockpiled as low grade fines. Metallurgical testwork suggests that using the existing Posse crushing and screening circuit and combining it

with a dry magnetic separation unit would double the recoveries from the current 33% to over 70% with a modest capex of around \$10m to expand the circuit. CAS currently has over 270kt of treatable fines stockpiled and available for treatment and which will increase with production in CY14.

Investment View

We initiate with an Add recommendation and a \$0.41 price target. Award of the mining licence and a decision to proceed to Stage 2 development will be a significant value catalyst improving throughput and doubling recoveries. This increases our risk-adjusted NPV to \$0.83ps. We value the Borborema project at its acquisition cost in the weaker gold macro, and we look to review this once market sentiment improves.



Financial Summary

	Jun-11A	Jun-12A	Jun-13F	Jun-14F	Jun-15F
Revenue (A\$m)	0.68	0.00	2.01	20.02	19.75
Operating EBITDA (A\$m)	-3.98	-7.45	-7.13	9.22	7.33
Net Profit (A\$m)	-7.11	-10.16	-7.40	8.60	6.06
Normalised EPS (A\$)	(0.070)	(0.100)	(0.052)	0.061	0.043
Normalised EPS Growth	154%	43%	(48%)	na	(29%)
FD Normalised P/E (x)	NA	NA	NA	4.65	6.58
DPS (A\$)	-	-	-	-	-
Dividend Yield	0%	0%	0%	0%	0%
EV/EBITDA (x)	NA	NA	NA	3.67	3.76
P/FCFE (x)	NA	NA	NA	5.16	7.64
Net Gearing	(31.3%)	(22.5%)	3.8%	(19.4%)	(32.3%)
P/BV (x)	1.36	1.25	1.62	1.20	1.02
ROE	(47.5%)	(53.4%)	(30.6%)	29.7%	16.8%
% Change In Normalised EPS Estimates					
Normalised EPS/consensus EPS (x)					

SOURCE: MORGANS, COMPANY REPORTS

For a fistful of dollars

Valuation and risks to target price

Expansion plans will be the catalyst ▶

CAS has ramped up to steady state capacity of around ~200kt of run of mine (ROM) ore per quarter, translating to around 65kt of saleable product each quarter. The start-up phase is often the highest risk for a company and operational reliability has been sustained since inception. The project remains on budget and within reasonable operating parameters.

Recent drilling has intersected direct shippable grades in the Posse open pit area and we take the view that as mining continues we will see upticks in production as these higher grade pods are mined.

We value CAS using a DCF methodology and set our target price in line with our valuation. We apply a WACC of 10% to our DCF, which is consistent with our existing coverage for producers in the same area, reflecting our perception of development and operating risk.

Valuation breakdown: Our valuation of \$0.42ps reflects a scenario of 1mtpa with 33% recoveries consistent with current operations. We anticipate that the full mining licence will be awarded in the first half of CY2014. A decision to proceed to Stage 2 development will be the most significant value catalyst by improving throughput but most importantly by doubling recoveries to ~70% and would lead to an increase in our risked NPV to \$0.83ps.

Risks: Upside risks to our target price include lower-than-expected production costs and further greenfields discoveries around the current resources. The award of a full mining licence and the increase of production to +1Mtpa remains a short term value catalyst as we expect the approval of the licence by mid-2014. Downside risks include development delays, and lower than forecast commodity prices received from local smelters in Belo Horizonte.

Table 1: Valuation summary

Project	Unrisked		Risked		
	A\$m	A\$ps	A\$m	A\$ps	
Posse Iron	60.8	0.48	48.8	0.39	85% Risked to local received iron ore prices
Borborema Gold	20.0	0.16	3.0	0.02	15% risked against market metric of \$10/oz acquisition cost
Exploration	10.0	0.08	0.0	0.00	0% Risked as non-core
Total operations	90.8	0.72	51.8	0.41	
Options	4.3	0.03	4.3	0.03	
Net debt / cash	-1.0	-0.01	-1.0	-0.01	
Corporate Overheads	-3.0	-0.02	-3.0	-0.02	
Total valuation	64.1	0.72	52.1	0.41	

SOURCE: MORGANS RESEARCH

Revenue forecasts

We have compiled a table of potential development scenarios at the Posse Iron project with relative NPV valuations for each stage. Our DCF valuation uses Scenario 2 as a basis for our current forecasts and we have not yet factored in Scenario 3 into our model as the project is still at scoping study level.

Scenario 1: CAS continues production at current levels with throughput at ~780ktpa for the remaining mine life.

Scenario 2: CAS is awarded a full mining licence by mid-2014 and increases throughput to 1Mtpa with recoveries of ~33%. This scenario is the basis of our valuation of the Posse iron project in our DCF and price target of \$0.41c

Scenario 3: CAS is awarded a full mining licence and increases production to 1.5Mtpa and installs a magnetic separation unit to recover the <2mm fines portion of the Posse ore. Recoveries increase to ~70%. We have discounted this scenario by 50% to reflect the current likelihood of this option being brought on line and we will look to unwind this discount as key milestones are met.

Table 3: Revenue models for development options at Posse

Scenario 1 - Current output for Life of Mine

	FY14	FY15	FY16	FY17	FY18	NPV \$/ps
Tonnes processed	780,000	780,000	780,000	780,000	780,000	\$0.36
Metallurgical Recovery %	33%	33%	33%	33%	33%	
Revenue AUD\$m	\$17.7	\$16.2	\$16.2	\$16.2	\$16.2	
NPAT AUD\$m	\$6.4	\$5.0	\$4.9	\$4.9	\$4.8	

Scenario 2 - Grant of full mining licence and increasing to ~1Mtpa

	FY14	FY15	FY16	FY17	FY18	NPV \$/ps
Tonnes processed	880,000	950,000	950,000	950,000	950,000	\$0.41
Metallurgical Recovery %	33%	33%	33%	33%	33%	
Revenue AUD\$m	\$20.0	\$19.8	\$19.8	\$19.8	\$19.8	
NPAT AUD\$m	\$7.9	\$6.7	\$6.7	\$6.7	\$6.7	

Scenario 3 - Expansion using Magnetic Separation for Posse Fines

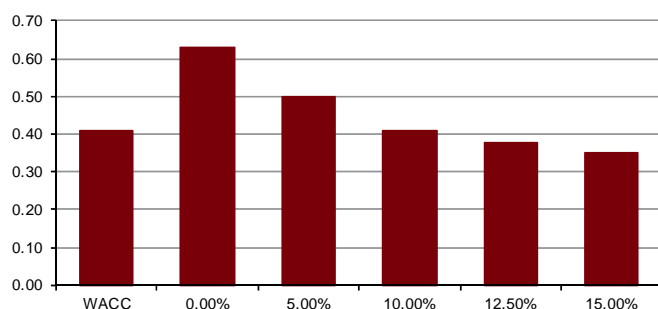
	FY14	FY15	FY16	FY17	FY18	NPV (50% risked)
Tonnes processed	880,000	1,200,000	1,500,000	1,500,000	1,500,000	\$0.83
Metallurgical Recovery %	33%	70%	70%	70%	70%	
Revenue AUD\$m	\$20.0	\$52.9	\$66.2	\$66.2	\$66.2	
NPAT AUD\$m	\$7.9	\$31.7	\$39.7	\$39.7	\$39.7	

SOURCE: COMPANY

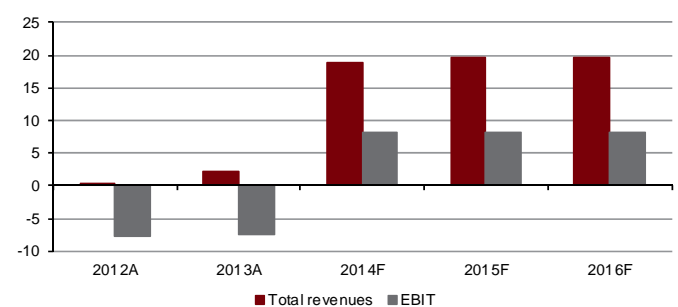
Table 1: CAS Financial Summary

Year to 30 Jun (A\$m)	AIFRS	AIFRS	AIFRS	AIFRS	AIFRS
Income statement	2012A	2013A	2014F	2015F	2016F
Divisional sales	0.0	2.0	19.9	19.8	19.8
Total revenues	0.3	2.2	19.9	19.8	19.8
EBITDA	-7.4	-7.1	8.1	8.1	8.1
Depreciation & amortisation	-0.2	-0.3	0.0	0.0	0.0
EBIT	-7.6	-7.5	8.1	8.1	8.1
Net interest expense	0.8	0.0	-0.4	0.1	0.1
Pre-tax profit	-10.2	-7.4	7.5	8.0	8.0
Tax expense	0.0	0.0	0.0	-1.3	-1.3
Abnormals - pre-tax	-0.1	-0.1	-0.1	-0.1	-0.1
NPAT	-10.3	-7.5	7.4	6.7	6.7
Abnormals - post-tax	0.0	0.0	0.0	0.0	0.0
Minorities	0.0	0.0	0.0	0.0	0.0
Reported NPAT	-10.2	-7.4	7.5	6.7	6.7
Growth ratios	2012A	2013A	2014F	2015F	2016F
Sales growth				5%	0%
Operating cost growth				8%	0%
Cash flow statement	2012A	2013A	2014F	2015F	2016F
EBITDA	-7.4	-7.1	8.1	8.1	8.1
Cash flow from operations	-6.6	-6.9	7.7	7.0	7.0
Capex	-0.3	-1.4	-1.0	-1.0	-1.0
Disposals	0.1	0.0	0.0	0.0	0.0
Acquisitions	0.0	0.0	0.0	0.0	0.0
Cash flow from investing	-0.2	-1.4	-1.0	-1.0	-1.0
Incr/(decr) in equity	17.8	7.9	0.0	0.0	0.0
Incr/(decr) in debt	0.0	5.0	0.0	0.0	0.0
Ordinary dividend paid	0.0	0.0	0.0	0.0	0.0
Other financing cash flow	-0.4	-0.4	0.0	0.0	0.0
Cash flow from financing	17.3	12.5	0.0	0.0	0.0
Incr/(decr) cash	10.5	4.3	6.7	6.0	6.0
Equity FCF	-7	-8	7	6	6
Balance sheet	2012A	2013A	2014F	2015F	2016F
Cash & deposits	5.3	2.7	9.4	15.4	21.3
Inventory	0.0	0.3	0.3	0.5	0.5
Investments	0.0	0.0	0.0	0.0	0.0
Intangible assets	0.0	0.0	0.0	0.0	0.0
Fixed assets	16	2.0	3.0	4.0	5.0
Other assets	18.2	25.3	25.1	23.0	23.0
Total assets	25.6	32.2	39.9	45.6	52.6
Short-term borrowings	0.0	0.0	0.0	0.0	0.0
Long-term borrowings	0.1	3.6	4.0	3.0	3.0
Interest bearing debt	0	4	4	3	3
Provisions	0.0	0.1	0.0	0.0	0.4
Total liabilities	2.6	7.3	7.5	6.4	6.8
Share capital	47.8	55.3	55.3	55.3	55.3
Other reserves	0.0	0.0	0.0	0.0	0.0
Retained earnings	-31.1	-38.8	-31.3	-24.5	-17.8
Total equity	22.9	24.9	32.4	39.1	45.9
Minority interest	0.0	0.0	0.0	0.0	0.0
Total shareholders' equity	22.9	24.9	32.4	39.1	45.9
Total liabilities & SE	25.5	32.2	39.9	45.6	52.7
Price target (A\$)					0.41
Valuation (A\$)					\$ 0.41
Valuation summary	A\$m	A\$ps	DCF valuation inputs		
Posse Iron	48.8	0.39	Rf		5.25%
Borborema Gold	3.0	0.02	Rm-Rf		6.00%
Options	4.3	0.03	Beta		0.97
Exploration	0.0	0.00	CAPM (Rf+B)		110%
Total operations	56.1	0.44	Tax rate (t)		15.8%
Net debt / cash	-10	-0.01	WACC		9.97%
Corporate Overheads	-3.0	-0.02	Shares		126.6
Total valuation	52.1	0.41			
Production (koz)	2013A	2014F	2015F	2016F	
Iron ore production (kt)	0.0	0.3	0.3	0.3	
Cash costs (US\$/t)		12	12	12	
Key assumptions	2013A	2014F	2015F	2016F	
USD / AUD exchange rate	1.04	1.02	0.91	0.87	
Iron ore price (US\$/t) local sales price	0	60	65	63	
Per share data	2013A	2014F	2015F	2016F	
No. shares	1415	1415	1415	1415	
EPS (cps)	-0.05	0.05	0.05	0.05	
EPS (normalised) (c)	-0.05	0.05	0.05	0.05	
Dividend per share (c)	0.0	0.0	0.0	0.0	
Dividend payout ratio (%)	0%	0%	0%	0%	
Dividend yield (%)	0%	0%	0%	0%	
Operating performance	2013A	2014F	2015F	2016F	
EBIT growth		#N/A	0%	0%	
NPAT growth		#N/A	-10%	0%	
Normalised EPS growth		#N/A	-10%	0%	
Asset turnover (%)	7%	52%	46%	40%	
EBITDA margin (%)	-355%	43%	41%	41%	
EBIT margin (%)	-371%	43%	41%	41%	
Net profit margin (%)	-365%	40%	35%	35%	
Return on net assets (%)	-25%	22%	16%	14%	
Net debt / (cash) (A\$m)	1.0	-5.4	-12.4	-18.3	
Net debt/equity (%)	4%	-17%	-32%	-40%	
Net interest/EBIT cover (x)			-81.3	-81.3	
ROIC (%)	-42%	31%	30%	30%	

Valuation sensitivity to discount rate (A\$/share)



Total revenues and EBIT (A\$m)



SOURCE: MORGANS RESEARCH

Projects

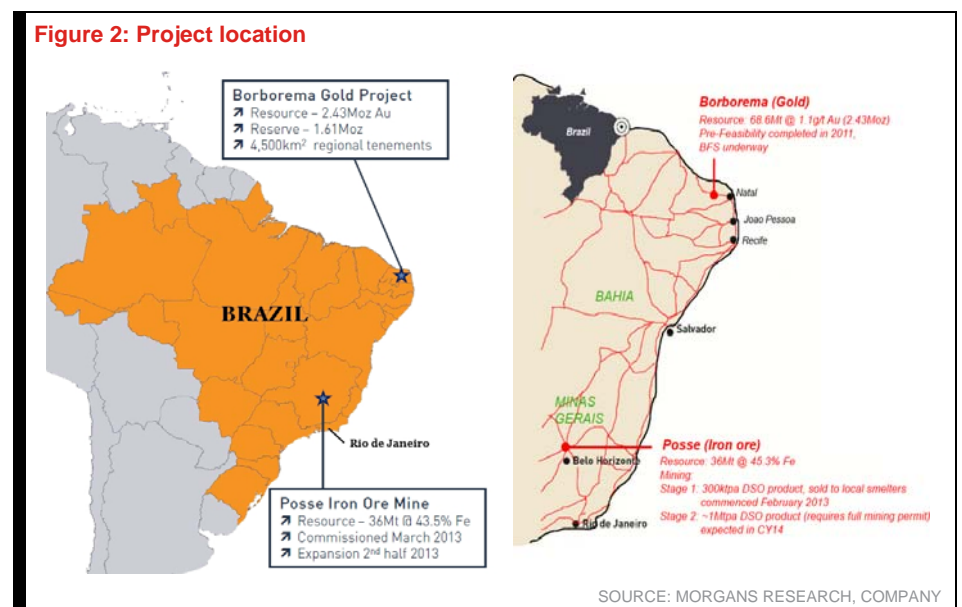
Posse Iron ore project ▶

CAS flagship operation is the Posse Iron project which is located about 30km east of the town of Belo Horizonte, the capital city of the Brazilian mining state of Minas Gerais (English translation – “General Mines”). Minas Gerais has the third highest GDP in Brazil and produces the largest volumes of iron ore in the country, in the area known as the “iron ore quadrangle”. The Posse project has a mineral resource of 36Mt @ 43.5% Fe and is located adjacent to grid power and sealed roads. Mining commenced in early 2013 and has ramped up to a processing throughput of ~750ktpa to produce approximately 250-300ktpa of DSO product which is sold to local smelters.

The “itabirite” banded iron ores mined in Brazil are famously named after the town of Itabirito which is 100km to the east and is where the first high grade massive specular hematite ores were mined, it is also the town where the world’s largest iron ore company “Vale” was founded in 1942.

Borborema Gold project ▶

CAS also owns the Borborema gold project which is located in north-east Brazil and consists of 3 mining leases covering 29km² within a 4400km² package of exploration tenements in the Seridó Belt. CAS purchased the project for US\$2.4m in 2010 and has since completed a Pre-Feasibility in late 2011. The project is located adjacent to grid power and sealed roads. Resources stand at 68.6Mt @ 1.10g/t Au for 2.43Moz. Reserves (using a US\$1350/oz gold price) are 42.4Mt @ 1.18g/t Au for 1.61Moz Au (proven and probable).



Posse Iron ore project

Location and infrastructure ▶

The Posse Iron project is located to the east of Belo Horizonte in Brazil. Around 80 pig iron smelters are located within 180km of the project which has given CAS a readily available local market to sell into. The area has excellent infrastructure including an international airport and has an experienced mining workforce as the area is historically Brazil’s largest mining state.

Posse processing plant



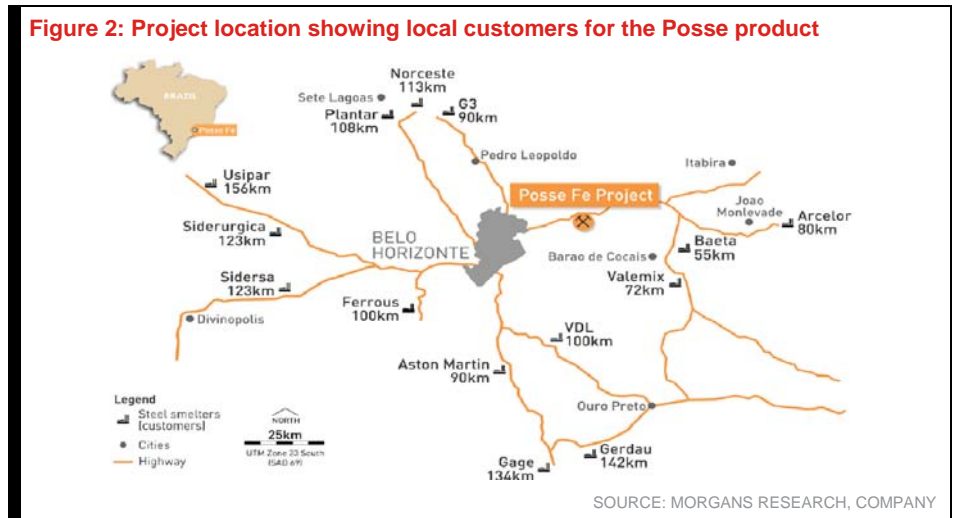
Source: Company

Loading ore at Posse



Source: Company

Figure 2: Project location showing local customers for the Posse product



Licensing

CAS was awarded an operating licence for the Posse project in December 2012. The Licence to Operate (LOP) is a renewable trial mining and environmental licence which limits throughput to 300ktpa of run of mine (ROM) ore and restricts beneficiation to dry crushing and screening only. A full mining licence is awaited to allow an upgrade of the processing plant to increase production to ~1Mtpa. CAS anticipates the full mining licence will be awarded in early 2014.

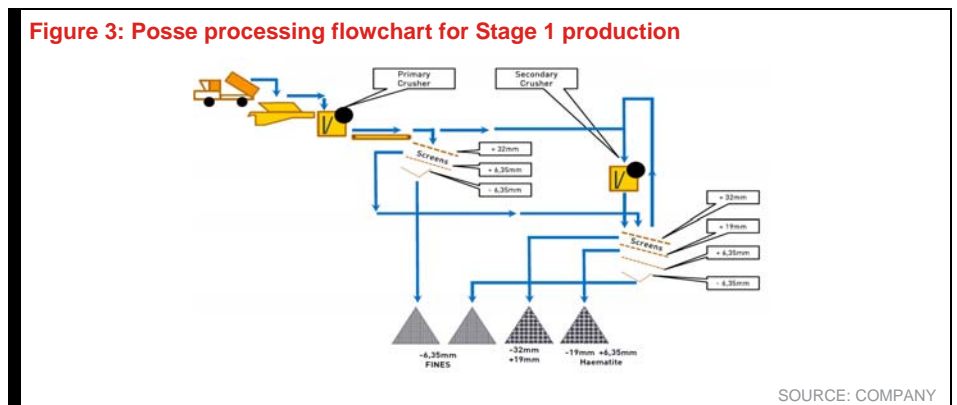
Recently Centaurus Metals (CTM) was awarded the mining leases for their Jambreiro project located 100km from Belo Horizonte. Both CTM and CAS had applied for the mining leases at around the same time so we expect that assuming all conditions have been met, that CAS could have their mining permit awarded in the near future. CAS has already received local and federal approvals and only requires ministerial sign-off. CAS is required to renew their temporary operating licence annually in April.

Mining and Processing

Stage 1 – 800ktpa (commenced Feb 2013) ▶

The Posse Mine construction began in late 2012 with a second hand mill which was purchased for \$2.5m and rebuilt for around \$3m. First production occurred in January 2013 and the mine was officially opened in March 2013. At present CAS is licenced only to use dry screening and beneficiation methods according to their current LOP which limits the recovery of the final product to ~33%. Ore is crushed and screened to +6mm. The remaining 67% of the material which is <6mm in size is classified as fines product and is stockpiled for later treatment. Recovered saleable product grades around 63-64% Fe.

Figure 3: Posse processing flowchart for Stage 1 production



SOURCE: COMPANY

Stage 2 +1mtpa (forecast 2014/15) ▶

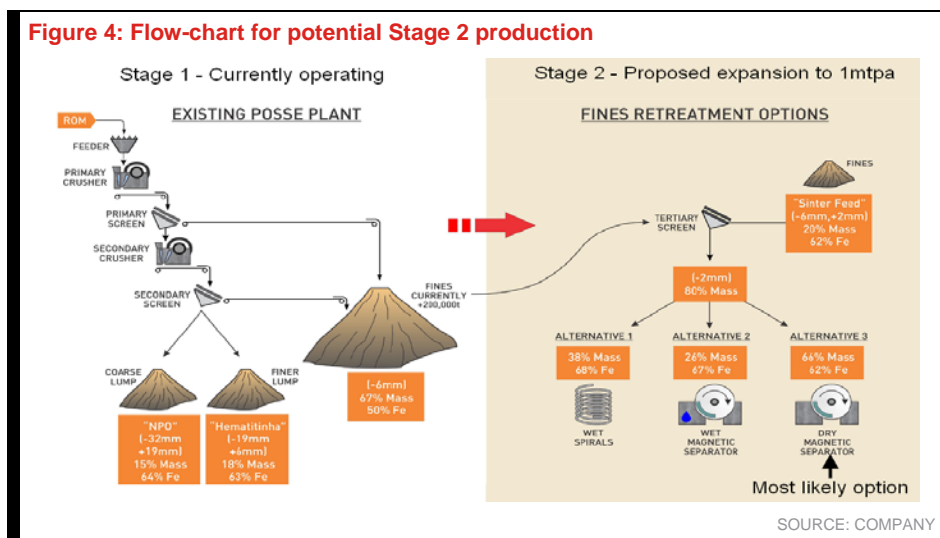
CAS completed a scoping study in mid-2013 which looked at processing options for re-treatment of the -6mm fines product which is being stockpiled on site. The current stockpile has grown to around 270,000t with a grade of around 50% Fe as of January 2014. Metallurgical testwork showed that dry-magnetic separation showed the best recovery with the highest throughput.

Scoping studies were carried out on the potential processing routes for the fines material. Dry magnetic separation appears the best option with the highest recoveries.

We forecast a capital cost of ~\$10m, based in part on a similar setup at Beadell Resources at their Tucano project in Brazil which currently uses a dry magnetic separation unit to recover iron ore from the gold mine tailings with similar throughput.

Stage 2 would add a dry-magnetic separation unit and a crusher upgrade. We estimate the cost at around ~\$10m based on similar operations nearby. Recoveries would increase to around 70% and costs would likely increase to ~\$18/t on our estimates.

Figure 4: Flow-chart for potential Stage 2 production



Once the full mining licence is awarded the company aims to move to ~1Mtpa (from the current ~750ktpa), and then upwards to 1.5mtpa which will require a revised mine plan and which will also need updated reserves and ultimately a larger capital commitment to expand the plant to include magnetic separation. We estimate CAS has around 250-300kt of stockpiled fines ~50% Fe which would translate to around 170-180kt of DSO grade 62% Fe product.

Table 2: Treatment options for Posse fines product

Scoping Study Results Posse Mine Fines			
Method	Recovery %	Fe %	Production (ktpa)
Dry magnetic separation (+2mm & -2mm)	66.4	62.0	358.6
Wet magnetic separation (+2mm), spirals (-2mm)	38.0	67.5	205.2
Wet magnetic separation (+2mm & -2mm)	25.5	66.8	137.8
Gravity separation (jigs +2mm, spirals -2mm)	38.5	67.2	207.8
Wet magnetic separation & jigs (+2mm), spirals (-2mm)	41.4	66.9	223.3

SOURCE: COMPANY

Expansion to 1.5Mtpa

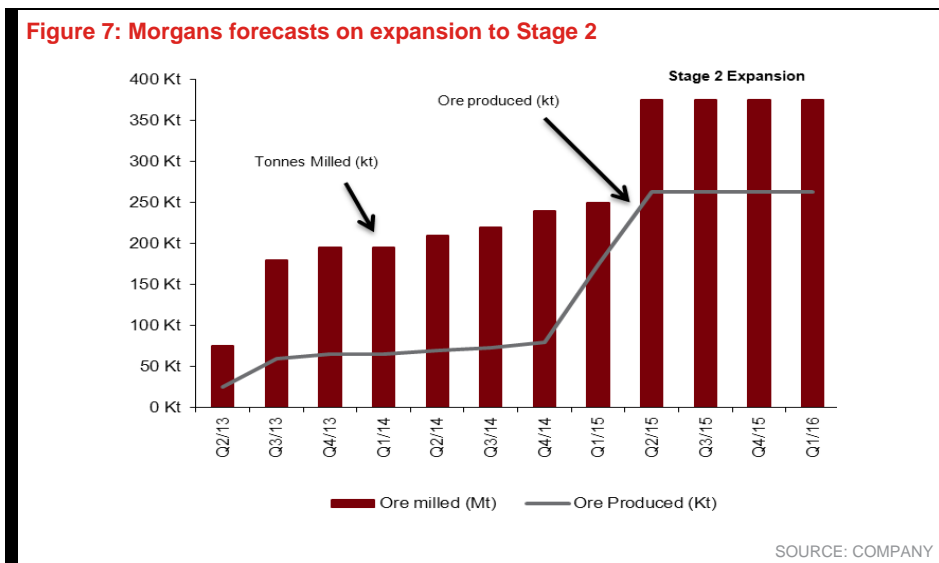
Once the full mining permit is received for Posse CAS intends to pursue the following:

- Immediately raise production to 70-80ktpm (840-960ktpa) from the current ~65ktpm.
- Determine the viability of installing a magnetic separation plant at the existing Posse processing plant site to re-process the existing fines stockpile which would increase production to ~1Mtpa throughput.
- Expand the plant to 1.5Mtpa, which would require an updated resource and reserve plus an updated mine plan.
- Determine the viability of infrastructure access to gain better value upside by exporting ores offshore.

Our forecasts show a steady increase in output once the full mining licence is awarded with an expansion to 1.5Mtpa in mid-2015 once a dry magnetic separation plant is added to the processing circuit.

CAS anticipates a full mining licence will be granted in early 2014. Once granted the company will move swiftly to increase production.

Figure 7: Morgans forecasts on expansion to Stage 2



SOURCE: COMPANY

Geology

The Posse deposit is composed of metamorphosed banded iron formation (BIF) with the ore composed of itabirite. The deposit contains several varieties including compact and friable (free digging) material with pods of higher grade ores at +60% Fe.

Table 3: Exploration drill results

Hole ID	From (m)	Interval (m)	% Fe	% SiO ₂	% Al ₂ O ₃	% Mn	% P	% LOI
PORC-003	0	136.62	45.23	32.40	0.72	0.17	0.03	0.69
inc.	0	44	56.60	16.28	1.27	0.17	0.01	0.72
* inc.	8	14	66.43	3.34	0.88	0.10	0.02	0.45
and	34	10	58.48	10.79	2.57	0.19	0.01	1.47
PORC-004	0	120	45.26	33.06	0.53	0.21	0.02	0.67
inc.	0	28	61.40	10.57	0.96	0.21	0.02	0.62
* inc.	0	8	63.33	6.82	1.62	0.42	0.02	1.32
and	12	14	63.81	7.24	0.81	0.15	0.02	0.37

SOURCE: COMPANY

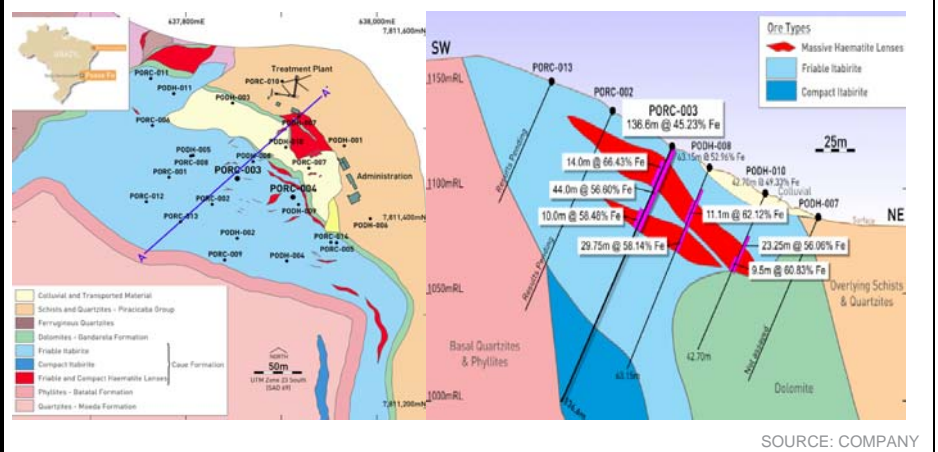
The majority of the run-of-mine ore at Posse grades around 45% Fe, however rich pods of ore of up to 66.4% Fe have been delineated by drilling. Assay results from drilling in 2013 returned 14m @ 66.43% Fe and 28m @ 61.4% Fe from surface.

The geology at Posse is simple friable and compact itabirite with pods of high grade DSO ores. Recent results such as 14m@66.43%Fe show strong potential for low cost, high margin direct shippable ores to be mined along with the lower grade run of mine ores.

Opex costs at Posse are around \$12/t. We estimate costs to increase to around \$18/t once the dry-magnetic separation plant is operational. These costs are in line with other peers in the region.

CAS processes around 200kt per quarter which equates to around 65Kt of final product which is sold to local pig iron producers.

Figure 5: Posse Geology plan and cross section



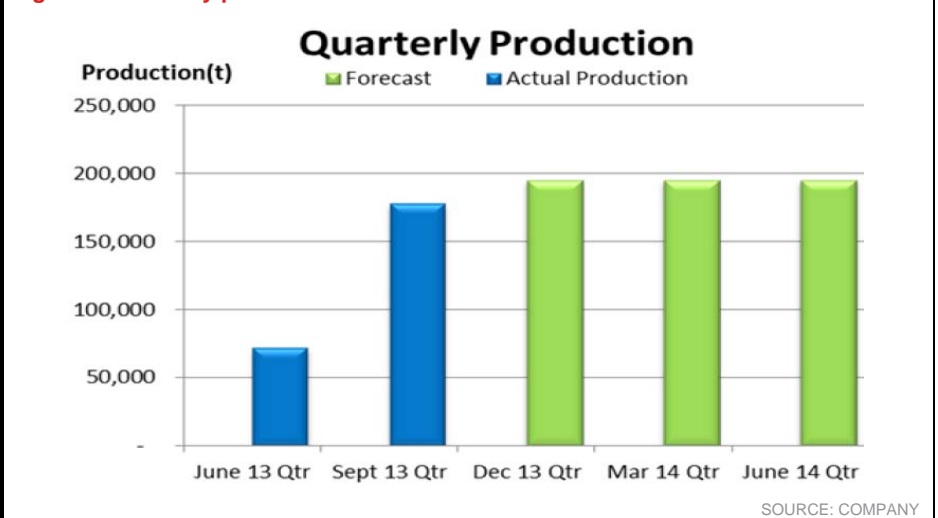
Costs

CAS has reported costs of ~\$12/t for the current dry crushing and screening circuit at Posse. With an upgrade to the processing plant to include dry-magnetic separation we estimate that the opex costs would likely rise to around \$18/t. Costs for the expansion project are still in the scoping phase, but we can draw comparisons with Beadell's (ASX: BDR) Iron ore magnetic separation costs of ~US\$5/t and Centaurus Metals (ASX: CTM) costs of A\$16.20 (from CTM's BFS Study results, 5/11/2012).

Production forecasts

CAS processes 65kt per month through the Posse processing plant which equates to ~800ktpa throughput. Recoveries are currently around 33% which generates ~260-280Ktpa of saleable product which is sold into local markets. CAS aims to continue at current levels until the full mining licence is granted at which point it will aim to increase throughput to ~1Mtpa which will increase their saleable output to ~330-350ktpa.

Figure 6: Quarterly production

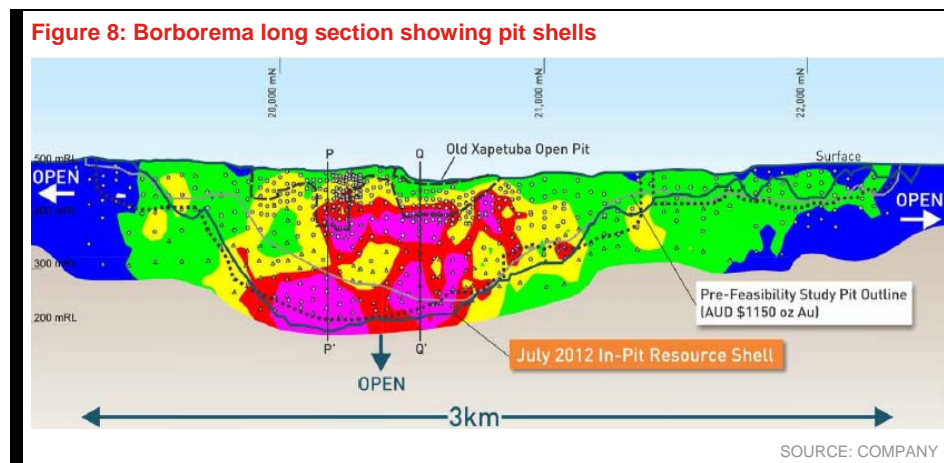


Other projects

Borborema

CAS also owns the Borborema gold project which is located in north-eastern Brazil and consists of 3 mining leases covering 29km² within a 4400km² package of exploration tenements in the Seridó Belt. CAS purchased the project for US\$2.4m in 2010 and has since completed a Pre-Feasibility in late 2011.

Borborema is a gold project which CAS bought in 2010. With a depressed gold price this project has been put on the back-burner with low-cost value accretive activities being carried out, but which provides an option on the gold price.



Resources stand at 68.6Mt @ 1.10g/t Au for 2.43Moz. Reserves (using a US\$1350/oz gold price) are 42.4Mt @ 1.18g/t Au for 1.61Moz Au (proven and probable).

Borborema Pre-Feasibility

CAS completed the Borborema Pre-Feasibility in late 2011. The results highlighted the positive economics of the project. Since then the decline in gold prices coupled with potentially higher costs has led CAS to put the BFS on hold whilst undertaking further low cost value accretive work aimed at progressing approvals such that the project could be ramped up rapidly with a recovery in the gold prices.

Borborema has 2.43Moz of gold resource which could be of significant value in a higher gold price environment.

Table 4: Borborema Pre-Feasibility Study outcomes (2011)

In Pit Recoverable resource	27Mt @ 1.39g/t Au for 1.18Moz Au
Mining Throughput	3Mtpa
Mine Life	9 Years
Strip Ratio LOM	4.23:1
Metallurgical Recovery	96%
Annual Production	130koz
Capex	US\$169m
Opex	US\$558/oz
Pre-Tax NPV (10%)	US\$250m
IRR	32.90%

SOURCE: COMPANY

Borborema's 1.61Moz reserve is one of the largest undeveloped assets in the region.

Table 5: Borborema ore reserve (2013)

Borborema Gold Project Maiden Ore Reserve				
Category		Tonnes (Mt)	Grade (Au g/t)	Mineable Gold (Moz)
Proven	Oxide	0.65	0.80	0.017
	Fresh	7.26	1.25	0.292
Probable	Oxide	1.68	0.70	0.038
	Fresh	32.82	1.20	1.260
Total		42.41	1.18	1.610

SOURCE: COMPANY

Recent Work

CAS has continued to gain approvals for Borborema as low cost value accretive project work continues. Recent work focussed on Environmental Impact and Assessment studies which were submitted in late 2013 and is seen as a critical step in licencing the Borborema project.

Borborema Exploration

CAS commenced exploration on the Serido belt during the year aimed at improving the economics of the project. CAS continues to undertake mapping and sampling with the focus on near mine exploration.

Directors & Management

Mr Stephen Copulos Non-Executive Chairman

Mr Copulos has over 30 years of experience in a variety of businesses and investments, in a wide range of industries including manufacturing, mining, fast food, property development, and hospitality. He has been the Managing Director of the Copulos Group of companies, a private investment group, since 1997. Mr Copulos is an active global investor who brings significant business acumen and greater diversity to the board of Crusader.

Mr Rob Smakman Managing Director

Mr Smakman is an honours graduate of Monash University and has had a successful international career as a geologist and manager over the past 20 years. He has been associated with a variety of different commodities including gold, iron, uranium, copper, silver and rare earths. He has held management roles in various countries and has served in senior public company management for several years.

Mr Paul Stephen Executive Director

Mr Stephen holds a Bachelor of Commerce from the University of Western Australia. He has more than 19 years' experience in the financial services industry, starting as a portfolio manager at Perpetual Trustees in 1992 and working subsequently as a Private Client Advisor with Porter Western and Macquarie Bank. Paul was a significant shareholder and Senior Client Advisor at Montagu Stockbrokers prior to their merger with Paterson Securities Ltd.

Mr John Evans Non-Executive Director

Mr Evans holds a Commerce (Hons) degree from the University of Queensland, and is a Fellow of the Institute of Chartered Accountant in Australia, and a member of CPA Australia and the Australian Institute of Company Directors. Mr Evans is currently the principal of a Business Broking & Advisory practice, and advises a range of businesses in both the SME sector and larger corporate clients, on matters such as strategic planning, marketing, governance, and financial analysis.

Mr Mauricio Ferreira Non-Executive Director

Mr Ferreira is a senior executive with more than 35 years of experience in the natural resources and energy sectors.

From 1986 to 2012, Mr Ferreira held several positions within the Vale Group. He has managed distinct functions, from exploration to sales & marketing, in different businesses, including iron ore, gold, fertilizers, kaolin and energy. In the early 1990's he was actively involved in the exploration and development of three gold mines in Brazil. More recently he was Director of Special Projects in Sustainability and Energy, CEO of Vale Energia Limpa, Director of Business Development at Vale Oil & Gas and CEO of PPSA & CADAM.

Mr David Netherway Non-Executive Director

Mr Netherway is a mining engineer with over 35 years' experience in the mining industry. He was, until the 2010 takeover by Gryphon Minerals Limited (GRY-ASX), the CEO of Shield Mining Limited, an Australian listed company exploring for gold and base metals in Mauritania. Prior to this, he served as the CEO of Toronto listed Afcan Mining Corporation; a China focused gold mining company which was taken over by Eldorado Gold. He has also held senior management positions in a number of mining companies including Golden Shamrock Mines, Ashanti Goldfields and Semafo Inc. and is a former director of Gryphon Minerals Ltd. (GRY-ASX), Equigold NL., GMA Resources Ltd., and Orezone Resources Inc.

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